IC 6-3.1-32

Chapter 32. Media Production Expenditure Tax Credit

IC 6-3.1-32-1

"Corporation"

Sec. 1. As used in this chapter, "corporation" refers to the Indiana economic development corporation.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-2

"Department"

Sec. 2. As used in this chapter, "department" refers to the department of state revenue.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-3

"Pass through entity"

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-4

"Qualified applicant"

Sec. 4. As used in this chapter, "qualified applicant" means a person, corporation, partnership, limited liability partnership, limited liability company, or other entity that is engaged in the business of making qualified media productions in Indiana.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-5

"Qualified media production"

Sec. 5. (a) As used in this chapter, "qualified media production" refers to the following:

(1) Any of the following that is produced for any combination of theatrical or television viewing or as a television pilot:

(A) A feature length film, including a short feature, an independent or studio production, or a documentary.

(B) A television series, program, or feature.

(2) A digital media production that is intended for reasonable commercial exploitation.

(3) An audio recording or a music video.

(4) An advertising message broadcast on radio or television.

(5) A media production concerning:

(A) training; or

(B) external marketing or communications.

(b) The term includes preproduction, production, and postproduction work.

(c) The term does not include a production in any medium that is obscene (under the standard set forth in IC 35-49-2-1) or television coverage of news or athletic events.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-6

"Qualified production expenditure"

Sec. 6. (a) As used in this chapter, "qualified production expenditure" means any of the following expenses incurred in Indiana or expenditures in Indiana made in the direct production of a qualified media production in Indiana:

(1) The payment of wages, salaries, and benefits to Indiana residents.

(2) Acquisition costs for a story or scenario used in the qualified media production.

(3) Acquisition costs for locations, sets, wardrobes, and accessories.

(4) Expenditures for materials used to make sets, wardrobes, and accessories.

(5) Expenditures for photography, sound synchronization, lighting, and related services.

(6) Expenditures for editing and related services.

(7) Facility and equipment rentals.

(8) Food and lodging.

(9) Legal services if purchased from an attorney licensed to practice law in Indiana.

(10) Any other production expenditure for which taxes are assessed or imposed by the state.

(b) The term does not include expenditures for payments of wages, salaries, or benefits to an individual who is a director, a producer, a screenwriter, or an actor (excluding extras), unless the individual is a resident of Indiana.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-7

"State tax liability"

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-8

"Taxpayer"

Sec. 8. As used in this chapter, "taxpayer" means an individual or

entity that has any state tax liability.
As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-9
"Credit for qualified production expenditure"
Sec. 9. A qualified applicant that:
(1) incurs or makes qualified production expenditures of:
(A) at least one hundred thousand dollars ($100,000), in the case of a qualified media production described in section 5(a)(1) of this chapter; or
(B) at least fifty thousand dollars ($50,000), in the case of a qualified media production described in section 5(a)(2), 5(a)(3), 5(a)(4), or 5(a)(5) of this chapter; and
(2) satisfies the requirements of this chapter;
is entitled to a refundable tax credit as provided in this chapter.
As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-10
"Amount of credit; expenditures less than $6,000,000"
Sec. 10. This section applies to a taxpayer that claims qualified production expenditures of less than six million dollars ($6,000,000) in a taxable year for purposes of the tax credit under this chapter. The amount of the tax credit to which a taxpayer is entitled under this chapter equals the product of:
(1) fifteen percent (15%); multiplied by
(2) the amount of the taxpayer's qualified production expenditures in the taxable year.
As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-11
"Amount of credit; expenditures of at least $6,000,000"
Sec. 11. This section applies to a taxpayer that claims qualified production expenditures of at least six million dollars ($6,000,000) in a taxable year for purposes of the tax credit under this chapter. If the corporation approves the granting of a tax credit to the taxpayer under section 13 of this chapter, the amount of the tax credit to which the taxpayer is entitled under this chapter equals the product of:
(1) the percentage determined by the corporation under section 13 of this chapter; multiplied by
(2) the amount of the taxpayer's qualified production expenditures in the taxable year.
As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-12
"Claiming the credit"
Sec. 12. (a) To receive the tax credit provided by this chapter, a taxpayer must claim the tax credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit

provided under this chapter.

(b) In the case of a taxpayer that claims a tax credit under section 11 of this chapter, the taxpayer must also file with the taxpayer's annual state tax return or returns a copy of the agreement entered into by the corporation and the taxpayer under section 13 of this chapter for the tax credit.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-13

"Applying for the credit; credit agreement"

Sec. 13. (a) A taxpayer that proposes to claim a tax credit under section 11 of this chapter must, before incurring or making the qualified production expenditures, apply to the corporation for approval of the tax credit.

(b) After receiving an application under subsection (a), the corporation may enter into an agreement with the applicant for a tax credit under section 11 of this chapter if the corporation determines that:

(1) the applicant's proposed qualified media production:

(A) is economically viable; and

(B) will increase economic growth and job creation in Indiana; and

(2) the applicant's proposed qualified media production and qualified production expenditures otherwise satisfy the requirements of this chapter.

(c) If the corporation and an applicant enter into an agreement under this section, the agreement must specify the following:

(1) The percentage to be used under section 11(1) of this chapter in determining the amount of the tax credit. The percentage may not be more than fifteen percent (15%).

(2) Any requirements or restrictions that the applicant must satisfy before the applicant may claim the tax credit.

(d) The maximum amount of tax credits that the corporation may approve under this section during a particular taxable year for all taxpayers is five million dollars ($5,000,000).

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-14

"Credit is refundable"

Sec. 14. If the amount of the tax credit provided under this chapter to a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer is entitled to a refund of the excess.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-15

"Pass through entity; distribution of credit"

Sec. 15. If a pass through entity is entitled to a tax credit under this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-16

"Transfer of credit prohibited"

Sec. 16. A taxpayer may not sell, assign, convey, or otherwise transfer a tax credit provided under this chapter.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-17

"Double benefit not allowable"

Sec. 17. A qualified applicant is not entitled to a tax credit under this chapter for tangible personal property:

(1) that is a qualified production expenditure; and

(2) for which the qualified applicant claims an exemption under IC 6-2.5-5-41.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-18

"Additional conditions"

Sec. 18. Notwithstanding any other provision, including any reciprocity agreements entered into by the state, a taxpayer that is a corporation or a nonresident person and that claims a tax credit under this chapter (or any successor in interest in any part of the taxpayer) must file an Indiana income tax return for at least the first five (5) years that the taxpayer has income from the qualified media production for which the tax credit was granted. Notwithstanding the income apportionment provisions of IC 6-3 and any rules adopted by the department of state revenue, in the case of a corporation or a nonresident person (or any successor in interest in any part of the corporation or nonresident person), the portion of the income from the qualified media production that for purposes of taxation under IC 6-3 is considered to be derived from sources within Indiana is equal to:

(1) the income of the corporation or nonresident person (or the successor in interest of the corporation or nonresident person) from the qualified media production; multiplied by

(2) a percentage equal to:

(A) the amount of qualified production expenditures for which the tax credit was granted for the qualified media production; divided by

(B) the total production expenditures for the qualified media production.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-19

"State remedies; consent to service of process, jurisdiction, and forum"

Sec. 19. (a) If a taxpayer (or any successor in interest of the taxpayer) fails to satisfy any condition of this chapter or any condition in an agreement under section 13 of this chapter, or fails to file tax returns as required by section 18 of this chapter, the corporation may:

(1) disallow the use of all or a part of any unused tax credit granted to the taxpayer (or any successor in interest of the taxpayer) under this chapter;
(2) recapture all or a part of the tax credit under this chapter that has been applied to the state tax liability of the taxpayer (or any successor in interest of the taxpayer); or
(3) both disallow the tax credit under subdivision (1) and recapture the tax credit under subdivision (2).

(b) A taxpayer may not receive a credit under this chapter unless the taxpayer:

(1) consents that the taxpayer (and any successor in interest of the taxpayer) will be subject to the jurisdiction of Indiana courts;
(2) consents that service of process in accordance with the Indiana Rules of Trial Procedure is proper service and subjects the taxpayer (and any successor in interest of the taxpayer) to the jurisdiction of Indiana courts; and
(3) consents that any civil action related to the provisions of this chapter and in which the taxpayer (or any successor in interest of the taxpayer) is a party will be heard in an Indiana court.

As added by P.L.235-2007, SEC.2.

IC 6-3.1-32-20

"No credit awarded after December 31, 2011"

Sec. 20. (a) A tax credit may not be awarded under this chapter for a taxable year ending after December 31, 2011.

(b) This chapter expires January 1, 2012.

As added by P.L.235-2007, SEC.2.